

## The Role of E-Commerce in Improving the Competitiveness of MSMEs in the Global Market: Opportunities and Challenges

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### ABSTRACT

*The rapid development of technology and information requires people to get to know and always be in touch with the internet. One of the new lifestyles born is shopping via the internet or often called e-commerce. The utilization of e-commerce is not only carried out by large companies, but also by micro, small and medium enterprises (MSMEs). This study was conducted to identify the utilization of e-commerce in order to improve the competitiveness of MSMEs. The results show that the use of e-commerce can increase MSME revenues, facilitate product introduction to consumers, and make it easier to get customers. In addition, e-commerce helps save promotion costs and increase transaction speed, which in turn can improve the competitiveness of MSMEs. This research also explores the role of e-commerce as a strategic tool to improve the competitiveness of MSMEs in the global market. Through e-commerce, MSMEs can expand their market reach, reduce operational costs, and improve interactions with customers through digital platforms. While offering a range of opportunities, e-commerce adoption also presents significant challenges, such as low technological literacy, infrastructure limitations, and cybersecurity risks. Using a qualitative approach, this study analyzes the opportunities and challenges faced by MSMEs in integrating e-commerce into their operations. The results confirm that successful e-commerce implementation requires technology investment, capacity building, and a supportive policy framework. E-commerce has transformative potential for MSMEs, but its effective utilization requires efforts to overcome existing barriers to ensure sustainable growth and global competitiveness.*

**Keywords:** MSMEs, e-commerce, competitiveness, global market

### INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) have a strategic role in supporting the economy of a country, including Indonesia (Yolanda., 2024). This sector makes a significant contribution in creating jobs, reducing poverty rates, and encouraging economic equality in various regions (Wulandari., 2025). With their numbers dominating the national economic structure, MSMEs are also the main drivers of the local economy and support overall economic stability. The development of globalization and rapid technological progress places MSMEs in a vulnerable position. Competition with large companies that have better access to international markets, capital and technology is a major challenge for the sustainability of MSMEs. Limited resources, low digital literacy, and lack of ability to innovate make it difficult for MSMEs to adapt to changing market



needs (Godwin et al., 2024). In addition, access to financing and technical support is often insufficient to increase their competitiveness in the wider market.

In facing these challenges, strategic steps are needed to empower MSMEs comprehensively (Dunggio et al., 2024). Providing access to business capital, skills training and technical assistance are important efforts to increase the capacity of MSME players. In addition, the integration of MSMEs into the digital ecosystem through the adoption of modern technology and e-commerce needs to be facilitated on an ongoing basis. With a targeted approach and support from various parties, MSMEs can become an important pillar in creating an inclusive, innovative and highly competitive economy. The digital transformation that has occurred in the last two decades has opened up great opportunities for MSMEs to increase their competitiveness in an increasingly competitive market (Leanet al., 2024). One of the main aspects of this transformation is the development of e-commerce, which allows MSMEs to reach consumers more widely without being limited by geographical boundaries. Through e-commerce platforms, MSMEs can offer products and services to consumers in various regions, both domestic and international, without having to rely on large and expensive physical infrastructure (Anisa., 2024). This flexibility gives MSMEs an advantage in facing changes in consumer behavior which increasingly prioritizes convenience, speed and accessibility in shopping. Digital technology also allows MSMEs to manage stock, marketing and transactions more effectively, which contributes to operational efficiency. Features such as data analytics help MSMEs understand consumer preferences, identify market trends and optimize sales strategies. Integration with digital payment services and modern logistics simplifies transaction and distribution processes, thereby increasing customer satisfaction while speeding up capital turnover. This transformation not only increases efficiency, but also provides opportunities to build stronger brands in the digital era (Rahman et al., 2024). The obstacles that exist in exploiting opportunities from e-commerce need to be overcome so that MSMEs can develop more optimally. The low level of digital literacy among MSMEs is one of the main obstacles preventing maximum adoption of technology (Rudihartati et al., 2025). Therefore, intensive training and assistance in the use of digital technology must be a priority, both from the government, private sector and related institutions. Access to adequate internet infrastructure and financing for digitalization also need to be improved. Removing these barriers will enable MSMEs to maximize the benefits of digital transformation, expand market reach, and strengthen their position in an increasingly competitive business ecosystem.

The use of e-commerce by MSMEs has a significant positive impact on operational efficiency (Sutihat et al., 2024). An integrated system allows MSMEs to manage various aspects of the business, from stock management to order processing and delivery, in a more structured and automated way (Maskur et al., 2024). Time-consuming manual processes can be replaced with faster and more accurate digital workflows. This reduces the potential for errors in inventory management and increases the speed of service to customers, which in turn contributes to higher customer satisfaction and loyalty. In addition, e-commerce provides MSMEs with the opportunity to utilize consumer data in more depth. E-commerce platforms often provide analytical features that enable MSMEs to collect important information regarding consumer behavior, such as product preferences, purchase frequency, and demand trends (Zikry et al., 2024). By using this data, MSMEs can make more appropriate strategic decisions, from determining prices to developing new products. Deeper knowledge of global market needs also allows MSMEs to adapt their products to be more relevant to existing demand, increasing opportunities to expand their market reach.

The importance of data analysis is not only limited to product development, but also to the marketing aspect. MSMEs can utilize the insights gained to optimize advertising campaigns, choose the right distribution channels, and design offers that are more attractive to consumers. This provides a competitive advantage in an increasingly crowded market and allows MSMEs to adapt quickly to changing trends. By maximally utilizing e-commerce technology, MSMEs can create more efficient business processes, increase competitiveness, and open up opportunities to develop in a wider and more dynamic market (Maharani., 2024).

E-commerce offers many benefits for MSMEs, but its implementation cannot be separated from various challenges that need to be overcome. One of the biggest obstacles is the low level of digital literacy among MSME players. Many business actors, especially in less developed areas, do not yet understand the potential and how to utilize digital technology effectively to develop their business. Without adequate understanding of e-commerce platforms, digital marketing and data management, MSMEs often have difficulty utilizing the various features offered by this technology, thereby reducing the potential profits they can obtain.

Limited access to quality internet is also a significant obstacle that hinders the overall adoption of e-commerce. In some areas, especially in rural or remote areas, inadequate internet infrastructure prevents MSMEs from accessing e-commerce platforms and running their business optimally. Without stable and fast connectivity, MSMEs have difficulty processing transactions, updating product information, or communicating with customers in real-time. This slows down business processes and limits the ability of MSMEs to compete in an increasingly digital market. Efforts to overcome this challenge need to involve various parties, including government, the private sector and educational institutions. Digital literacy training programs must be expanded so that MSMEs, especially in more isolated areas, can understand and utilize digital technology to develop their businesses. Apart from that, improving internet infrastructure throughout Indonesia, especially in areas that are still underdeveloped, must also be a priority. Support from various parties will accelerate the digitalization process of MSMEs, so that they can achieve the full potential offered by e-commerce and increase their competitiveness in the global market.

Intense competition on e-commerce platforms is a big challenge for MSMEs, especially in facing large business players who have greater resources for digital marketing and infrastructure. In this situation, the ability of MSMEs to offer products that are unique, high quality and in line with market needs is the main key to their success. Innovation in products and a deep understanding of consumer preferences will be a differentiator for MSMEs in the global market. The success of MSMEs can also be influenced by their approach in building authentic brands and providing quality customer service, which will help them maintain consumer loyalty despite the presence of many large competitors. On the other hand, data security and regulatory factors are issues that MSMEs need to pay attention to. Secure management of consumer data is critical to building consumer trust and protecting their privacy. Unfortunately, many MSMEs do not fully understand the importance of protecting personal data. Apart from that, regulations governing digital trade also need to be adapted to the needs of MSMEs, so that they can access facilities that support their business growth without being hampered by heavy administrative burdens. Policies that support MSMEs, such as tax incentives or legal protection, will accelerate e-commerce adoption and increase their competitiveness in the digital market. Limited capital is a significant obstacle for MSMEs in adopting e-commerce optimally. Developing an online store requires a fairly large initial investment, including the costs of creating and maintaining a website, application development, and digital promotions

to reach consumers. Many MSMEs, especially those in areas with limited resources, face difficulties in meeting these needs. Without adequate access to capital, they tend to find it difficult to take advantage of the opportunities offered by e-commerce, so that the potential of the broad global market cannot be optimized. Therefore, support from the government, financial institutions and other related parties is very important in providing MSME-friendly financing, such as microcredit or incentives for digitalization (Alfarizi., 2023). The right financing solutions enable MSMEs to invest in the necessary digital infrastructure, accelerate their digital transformation, and increase competitiveness in an increasingly global marketplace.

Rapid technological developments are also a big challenge in terms of adaptation for MSMEs. Constantly changing technological advances require MSME players to continue learning and innovating so as not to be left behind in increasingly fierce competition (Sholehah et al., 2024). Without the ability to keep up with the latest technological developments, such as the use of big data, artificial intelligence, or automation tools, MSMEs risk of being unable to compete with larger and more advanced business actors. Therefore, digital-based education and training is an urgent need. Affordable and relevant training programs will help MSMEs to develop digital skills, understand market trends, and implement the latest technology in their operations. By increasing technological capabilities, MSMEs can more quickly adapt to market changes and take advantage of the opportunities that exist in the digital era, ensuring the continuity and growth of their business in the global market (Aulia et al., 2023).

The role of government, the private sector and academics is very important in supporting the development of e-commerce based MSMEs (Tavangerwei., 2018). Governments can provide supportive regulations, technological infrastructure, and training programs that facilitate e-commerce adoption. The private sector plays a role by providing a friendly e-commerce platform for MSMEs, while academics can contribute through research that provides solutions to various problems faced by MSMEs in implementing e-commerce. This research aims to analyze the role of e-commerce in increasing the competitiveness of MSMEs in the global market by focusing on existing opportunities and challenges (Yacob et al., 2024). It is hoped that the results of this research can provide strategic recommendations for MSMEs in utilizing e-commerce optimally and provide input for stakeholders to design policies that support the growth of MSMEs in the digital era.

## METHODS

This research uses the literature study method to analyze the role of e-commerce in improving the competitiveness of MSMEs in the global market. Data were obtained from various secondary sources, such as scientific journals, books, research reports, and relevant official documents, using keywords such as e-commerce, MSMEs, competitiveness, and global markets. The literature sources used came from trusted databases, such as Scopus and Google Scholar, to ensure the validity and credibility of the information analyzed. The analysis was conducted qualitatively using content analysis techniques, which included the process of classifying data based on key themes, such as the benefits of e-commerce, the challenges of its implementation, and its impact on MSME competitiveness. The interpretation process was conducted in-depth to understand the relationship between e-commerce adoption and efforts to improve MSME competitiveness, including how this technology can support market expansion, reduce operational costs, and strengthen interactions with customers. The results of the analyzed literature are then compiled in the form of a systematic narrative to provide a comprehensive picture of the strategic role of e-commerce. While literature studies have the limitation of relying on secondary data that may not fully describe the local context,

this research overcomes this by using a variety of credible sources to ensure more representative results. This research is expected to provide insights and practical recommendations for MSMEs and related parties to effectively adopt e-commerce to improve their competitiveness in the global market, while identifying key barriers that need to be addressed, such as digital literacy, infrastructure and cybersecurity.

## **RESULTS AND DISCUSSION**

The rapid development of technology and information has changed the way of life in modern society, with the internet becoming an inseparable part of everyday life (Mashis et al., 2023). In the past, the internet might only have been considered an advanced technology limited to certain circles, but now it has transformed into a real world that influences almost every aspect of life. The use of devices such as cellphones, netbooks, laptops and various other gadgets increasingly strengthens connectivity between individuals through increasingly extensive digital networks, changing the way humans interact, work and do business. One of the big changes brought about by the internet is e-commerce, or online shopping, which is now an inseparable part of the lifestyle of modern society. E-commerce refers to the process of buying and selling transactions or exchanging products, services and information via information networks, including the internet. In e-commerce, consumers can easily search for, buy, and receive goods or services without having to leave home. The technology used in e-commerce is not only limited to the internet, but also includes database technology, email, goods delivery systems, and electronic payment tools that allow transactions to be carried out online quickly and safely (Azizah., 2024).

E-commerce is part of a broader e-business, which involves the use of technology to support various aspects of the business, such as relationships with customers, suppliers, and other partners (Rehatalanit., 2021). With the growing development of e-commerce, many companies are turning to online business models, leveraging the internet to expand markets and improve operational efficiency. However, along with its rapid growth, e-commerce also faces challenges, such as data security issues and online fraud, which require serious attention to keep transactions safe and reliable. E-commerce provides significant opportunities for small and Medium Enterprises (SMEs) to expand market access in more efficient and practical ways (Muhibbusaabry et al., 2024). Through digital platforms, SMEs can reach customers in different parts of the world without being limited by physical location. This opens the door for SMEs to introduce their products to the global market, increase visibility, and reduce geographical barriers that previously prevented access to international markets. Marketing through e-commerce allows businesses to interact directly with consumers, understand their preferences, and offer products that fit the needs of a broader market.

Implementing targeted marketing strategies is very important to maximize the potential of e-commerce. The use of digital technology such as marketing via social media and search engine optimization (SEO) can help SMEs to reach a larger and more segmented audience. In addition, e-commerce platforms allow businesses to reduce operational costs associated with traditional distribution and marketing. With lower costs and wider market potential, SMEs can increase their competitiveness, offer more competitive prices, and ultimately earn greater profits. The application of e-commerce in MSMEs has enormous potential to increase competitiveness in the global market. One of the main advantages of e-commerce is its ability to open wider market access, allowing MSMEs to reach consumers in various parts of the world without being hindered by geographical boundaries. In the context of increasingly fierce competition, especially in the domestic market which has opened up to global players, e-commerce has become a way for MSMEs

to expand their market reach and introduce local products to international markets. By utilizing e-commerce, MSMEs can not only market their products more efficiently, but also reduce distribution costs which are usually a large burden in traditional businesses. E-commerce platforms offer various other benefits, such as ease in managing transactions and more affordable and efficient digital marketing. The use of technology in e-commerce allows MSMEs to monitor and manage transactions in real-time, minimize the potential for errors, and increase service speed. Furthermore, e-commerce provides access to a variety of analytical tools that enable MSMEs to better understand consumer needs and preferences in greater depth. Through this analytical data, MSMEs can adjust their products and marketing strategies to be more targeted, increase sales conversions and strengthen relationships with customers. Effective use of e-commerce platforms allows MSMEs to compete more competitively in the global market, increase brand visibility, and drive long-term growth. E-commerce provides many opportunities for MSMEs, but behind these opportunities, there are various challenges that must be faced. One of the biggest challenges is the lack of digital literacy among MSME players. Many MSME owners do not have sufficient understanding of how to use digital technology to develop their business, including marketing, transaction management and online customer service. In addition, limited understanding of how to manage risks associated with digital transactions, such as cybersecurity threats, online fraud, or uncertainty in payments, adds to the difficulty for them to make the most of e-commerce.

Limited human resources skilled in information technology and digital marketing are also the main obstacles in the adoption of e-commerce by MSMEs. Many MSMEs, especially those operating in areas with limited access to education and technology training, struggle to find workers with the skills needed to run online stores or maximize the potential of e-commerce platforms. Therefore, it is important for the government and educational institutions to provide training and support related to digital literacy for MSMEs. Affordable and relevant training programs can help MSMEs increase their digital capacity, understand the latest technology trends, and develop effective digital marketing skills. In this way, MSMEs will be better prepared to face the challenges of e-commerce, increase their competitiveness, and exploit global market potential optimally. Another challenge faced by MSMEs in utilizing e-commerce is increasingly fierce competition in the global market. In the highly competitive e-commerce environment, MSMEs must compete with large companies that have more resources to support important aspects of their business, such as promotions, product development and distribution. Large companies can usually allocate larger marketing budgets and utilize advanced technology that allows them to optimize operational efficiency and expand market reach. For this reason, MSMEs need to develop a clear differentiation strategy, such as offering products that are unique, high quality, and have certain advantages, both in terms of innovation, added value, and local characteristics that can attract the attention of international consumers.

Service quality is also an important factor influencing the competitiveness of MSMEs in the global e-commerce market. Fast delivery and responsive customer service are highly valued by consumers when shopping online. To be competitive, MSMEs need to ensure that they can provide a satisfying shopping experience, from efficient order processing to timely and safe delivery. Customer service that responds quickly to questions or complaints is also important for building consumer trust and loyalty. By improving service quality and creating a pleasant shopping experience, MSMEs can strengthen their position in the global market, increase customer satisfaction, and win the competition in the increasingly competitive world of e-commerce.

Security and data protection aspects are one of the main challenges for MSMEs in adopting e-commerce. Online transactions involve managing consumers' personal data, such as payment information and shipping addresses, which must be kept secure. Consumer trust in platform security greatly determines the success of MSMEs in the digital ecosystem. However, many MSMEs do not yet have an adequate security system to protect customer data from the threat of information leaks, data theft or cyber attacks. Lack of understanding of the importance of data security and limited resources to implement protection technology are obstacles that are often faced.

Awareness of data protection needs to be increased among MSME players. Investing in security technologies such as data encryption, strong authentication systems, and malware protection are important steps to take. An understanding of data protection regulations, such as GDPR in Europe or the Personal Data Protection Law in Indonesia, is also a must so that MSMEs can comply with global standards while building consumer trust. The existence of training programs and support from the government and the private sector is a very necessary solution to help MSMEs overcome this challenge. By implementing strategic steps, MSMEs are not only able to reduce security risks but also strengthen their competitiveness in the increasingly complex global e-commerce market. The huge opportunities offered by e-commerce provide significant potential for MSMEs to develop in the digital era, especially through the ability to reach international markets at lower costs compared to conventional marketing methods. The use of digital platforms allows MSMEs to introduce their products to global consumers, opening up expansion opportunities that were previously difficult to reach. In addition, e-commerce supports operational efficiency through integrated systems that simplify inventory management, order processing and delivery of goods, thereby reducing operational costs while improving customer experience. The ability to collect and analyze consumer data is also a competitive advantage, because this data can be used to understand market behavior, identify trends, and adjust marketing and product strategies more effectively. By taking advantage of this broad market access and operational efficiency, MSMEs have a great opportunity to increase their competitiveness in the global market.

Another big opportunity that MSMEs can take advantage of through e-commerce is access to various digital platforms that offer integrated marketing and distribution services. Global marketplaces such as Amazon, eBay, Tokopedia, and Bukalapak, as well as social media such as Instagram and Facebook, provide practical solutions for MSMEs to market their products without having to incur huge costs to build and manage their own e-commerce platforms. The presence of this platform helps MSMEs expand the visibility of their products to a wider audience, including international consumers, in an efficient and cost-effective manner.

The digital platform also offers a variety of promotional tools, such as data-driven advertising, discount campaigns and loyalty programs, designed to attract consumer attention and increase sales. The ability to access the analytical features available on the platform allows MSMEs to understand customer behavior patterns and adjust their marketing strategies in real-time. In addition, the logistics management features provided by several marketplaces help MSMEs ensure product delivery on time, which is an important factor in maintaining customer satisfaction. With the support of this technology, MSMEs can focus on developing innovative and quality products, while marketing, distribution and logistics aspects are managed through a reliable digital platform. This not only increases operational efficiency, but also opens up opportunities to build a strong brand in the global market.

Support from the government and private sector has a strategic role in ensuring the success of MSMEs in adopting e-commerce as part of digital transformation. The

government has the responsibility to create a conducive ecosystem through policies that are proactive and oriented towards empowering MSMEs. These policies could include providing incentives for the adoption of digital technology, such as subsidies or tax exemptions for MSMEs that invest in digitalizing their businesses. Apart from that, the government also needs to facilitate MSMEs' access to affordable financing, especially for investment in technological infrastructure, as well as simplify digital trade regulations to reduce bureaucratic obstacles that often hinder MSMEs' growth.

On the other hand, the private sector has an important role in providing the infrastructure and technology needed by MSMEs to enter the digital market. E-commerce platform providers can contribute by offering easy and user-friendly access, along with affordable costs for small businesses. Not only that, the private sector can also organize training and mentoring programs designed to increase digital literacy and technical capabilities of MSME players, so that they can make optimal use of technology. Close collaboration between the government, private sector and academia can be the key to accelerating the digitalization process of MSMEs. Academics can play a role through relevant research, identifying specific challenges faced by MSMEs, and offering applicable innovative solutions. This synergy will not only accelerate the adoption of e-commerce among MSMEs, but also strengthen their competitiveness in an increasingly competitive global market.

E-commerce has great potential to increase the competitiveness of MSMEs in the global market, but its success requires strategic steps to overcome various existing challenges. MSME players must commit to increasing their digital literacy so they are able to manage technology better and utilize it for business growth. This includes understanding the use of digital platforms, online marketing strategies, as well as data analysis to understand consumer needs. Training and mentoring from various parties, including the government and the private sector, are important steps in supporting this increase in digital competence. Rapid technological developments make e-commerce an urgent need for MSME players in facing global market competition. E-commerce allows MSMEs to market their products more widely without being hindered by geographical, time or space limitations. The desire to follow trends, ease of promotion and efficiency in transactions are the main factors that encourage MSMEs to switch to digital platforms. With e-commerce, MSMEs can reach international markets, reduce distribution costs and increase operational efficiency.

The main challenge that hinders the use of e-commerce by MSMEs is the lack of trust between sellers and buyers, especially related to the security of online transactions and protection of personal data. Many MSME players lack knowledge about how to optimally utilize technology and e-commerce platforms, so they have difficulty competing with large players who are more digitally prepared. Dependence on established traditional markets is also an obstacle, because most MSMEs feel more comfortable with direct relationships with customers in conventional markets. Support from the government and the private sector is essential for MSMEs to overcome these obstacles. Digital training and education regarding the use of e-commerce will help MSMEs increase their digital literacy (Lilya et al., 2024). Strengthening digital infrastructure and a more efficient distribution network will make it easier for MSMEs to enter the global market. Collaboration between various parties will enable MSMEs to take full advantage of the potential of e-commerce to increase competitiveness, expand markets and adapt to constantly changing technological developments.

Data security is also an important aspect that must receive serious attention from MSME players (Yuniarti., 2023). Protection of consumers' personal information not only builds customer trust, but also ensures business continuity amidst increasingly stringent global

regulations regarding data privacy (Hasibuan., 2024). Investments in reliable digital security systems and education about data management are top priorities. Utilizing the right e-commerce platform, including choosing a platform that suits product and market characteristics, can help MSMEs reach a wider audience with higher cost efficiency. By overcoming these challenges through a mature strategy, MSMEs can not only survive in the digital era, but also take advantage of the great opportunities that e-commerce offers to develop in the global market (Nadzril., 2024).

E-commerce has a very important role in supporting the optimal performance of modern companies, because it not only increases the company's ability to coordinate internal business transactions, but also facilitates relationships between companies, such as between buyers and suppliers. This allows for reduced transaction costs and increased coordination efficiency between companies. Malone et al. (1987) identified several main effects of e-commerce, which were then further developed by Wigand (1996a). These four effects, which include communication effects, electronic integration, electronic brokerage, and electronic strategic networking, interact with each other to produce a more efficient and cost-effective system in company operations. The communication effect resulting from advances in information technology allows more information to be communicated at the same time, thereby reducing transaction costs (Sari et al., 2023). This technology allows companies to communicate in real-time, speed up transaction processes, and reduce communication barriers. Furthermore, the effects of electronic integration create closer relationships between buyers and sellers, which are enabled by electronic connectivity. This relationship increases the speed and efficiency of transactions by reducing reliance on manual interactions, which in turn reduces costs and time required.

Additionally, the electronic brokerage effect creates a digital marketplace where buyers and sellers can come together to compare offers and make more informed decisions. This marketplace allows both parties to obtain price and product information quickly. Finally, the electronic strategic networking effect describes how information technology enables the design and deployment of strategic networks between firms working together to achieve common goals. This network strengthens the company's competitiveness and creates a more solid competitive advantage (Stabell et al., 2018). Through the combination of these four effects, e-commerce supports internal efficiency and strengthens a company's position in the global market.

Role theory emphasizes that individuals or groups who occupy certain positions in social or political structures are expected to behave in accordance with the expectations of their social environment (Anglin et al., 2022). Strategic positions, such as a president, board member, humanist, or musician, have a major influence on decisions and policies taken in society. This expected behavior comes from society's expectations, which assume that individuals must act in accordance with established norms and standards. These expectations shape the role that must be carried out by the individual who occupies that position, both in the political, social and cultural realms. In a political context, role theory shows that high positions enable individuals or groups to influence policies and decisions related to the interests of society (Mawardi., 2019). When existing expectations are not met, tensions can arise that affect social and political stability. Therefore, role theory is very relevant to analyze how individuals with power use their positions to influence important decisions. Research using this theory can help understand the dynamics of role influence in shaping political policies and how social expectations shape the behavior and decisions taken by community figures.

Competitiveness is an opportunity for companies to obtain new business as well as the opportunity to innovate and develop (Triwijayati et al., 2023). In the context of trade, the

competitiveness of a product is determined by the added value that the product has, which differentiates it from similar products on the market. External factors such as competitors' actions and sales location also influence product competitiveness. Thus, a company must be able to adapt its products and marketing strategies in order to compete effectively in a market full of competition. This condition encourages manufacturers to continue to innovate, ensuring that the products they offer remain relevant and can survive in the market (Naido., 2010). Product innovation is one of the main strategies used by companies to maintain their competitive advantage. In addition, it is important for companies to pay attention to market trends and consumer preferences that may change over time, as well as strategies implemented by competitors in the same market. In this way, competitiveness depends not only on product quality, but also on the company's ability to adapt and update its offering continuously.

Effective competitiveness also depends on a company's ability to utilize existing resources efficiently and build strong relationships with customers and suppliers. Therefore, companies need to have a clear strategy in managing resources, introducing new products, and developing sustainable competitive advantages. This not only helps the company survive in the market, but also ensures that the company can take advantage of existing opportunities to continue to grow and develop. Competitiveness refers to the ability of a company, sector, or country to compete with other competitors in terms of selling and providing goods or services in the market (Chursin., 2015). This concept emphasizes the comparison between individual abilities and performance. To achieve competitiveness, companies need to have flexible strategies and competitive advantages, which must continue to develop as market conditions change. A country's competitiveness can be achieved through gathering the strategic competitiveness of every company in it. Countries with many companies that have high competitiveness will be more competitive in the international arena (Putera et al., 2023).

MSMEs that have high competitiveness usually show an increase in production, as well as market expansion both domestically and internationally (Dzikrullah., 2024). A strong domestic market enables international market penetration, while exports are directed to various countries. MSMEs' competitive advantage can be achieved by mastering production factors, managerial skills, and adequate financial and technical resources. In facing increasingly tight business competition, companies need to have an optimistic perspective and the right strategy to face a dynamic and diverse market. The ability to improve performance and outperform competitors in a competitive environment is the main characteristic of a competitive business. Competitiveness is also seen as the ability to produce high quality goods or services at the right price and time, which is able to meet customer needs more efficiently and effectively than competitors (Ayu Merisda et al., 2022).

Competitiveness measurements are usually carried out based on company performance in a certain period of time, both short and long term. Due to the complexity of the various factors that influence performance, measuring competitiveness often involves a combined approach between quantitative and qualitative methods. The ability of a business to outperform competitors in terms of profitability, sales, or market share is one of the main indicators of competitiveness, as explained by Lall. At the strategic level, information systems can be used to formulate strategies that provide competitive advantages, while at the tactical and operational levels, information technology helps implementation and operational efficiency which in turn results in competitive advantages. Several strategies that can be used to win competition include cost leadership, differentiation, innovation, growth and alliance strategies (Aaker and McLoughlin, 2010; Rakanita, 2019).

The development of information and communication technology in the digital era has brought major changes in various aspects of human life, including in the field of global trade (Grace et al., 2024). Advances in increasingly sophisticated and affordable internet technology make it easier to access information and enable cross-border trade transactions. The existence of the internet which can be accessed anytime and anywhere reduces geographical and time barriers that previously hindered international trade activities. In this case, digital technology is the main driving factor that facilitates interaction between companies, customers and business partners throughout the world. E-commerce has changed the way companies and consumers carry out trading activities (Sunusi., 2023). This digital platform allows consumers and business people to carry out transactions without being hindered by geographical boundaries, whether for purchasing products, services or exchanging information. This allows companies to expand their market reach globally, which was previously limited by physical location. Apart from that, e-commerce also increases operational efficiency by speeding up transaction processes, simplifying communication, and optimizing payment management. With e-commerce, companies can reach consumers in various parts of the world that were previously unreachable.

E-commerce has changed the way companies and consumers carry out trading activities (Sunusi., 2023). This digital platform allows consumers and business people to carry out transactions without being hindered by geographical boundaries, whether for purchasing products, services or exchanging information. This allows companies to expand their market reach globally, which was previously limited by physical location. Apart from that, e-commerce also increases operational efficiency by speeding up transaction processes, simplifying communication, and optimizing payment management (Meltzer., 2016). With e-commerce, companies can reach consumers in various parts of the world that were previously unreachable.

The use of e-commerce by small and medium enterprises (SMEs) has great potential in increasing business competitiveness, both in local and international markets. According to Miranda (2020), e-commerce not only provides wider market access for SMEs, but also helps them adapt to the ever-changing development of digital technology. In the import-export context, investment in digital infrastructure is very important to support easy access and connectivity between business actors and global markets. With these investments, SMEs can reduce transaction costs and increase efficiency in the supply chain, ultimately contributing to increasing their competitiveness in the global market. Therefore, developing good information technology infrastructure is a strategic step to strengthen the country's position in international trade, as well as providing greater opportunities for SMEs to participate in e-commerce (Henderi et al., 2024).

Government policy also plays an important role in creating an environment that supports import-export activities through e-commerce. Supportive regulations, such as reducing tariffs and taxes for digital transactions, can encourage more companies, including MSMEs, to utilize e-commerce in international trade activities. This policy not only provides access for business actors to adapt to digital technology, but also increases their confidence in developing innovative trading strategies (Ramadhan., 2024). With the support of appropriate regulations, MSMEs will be better able to optimize e-commerce potential, strengthen their position in the global market, and create new business opportunities that were previously unaffordable.

Import-export players often face significant obstacles in adapting to e-commerce, which hinders their operational efficiency and effectiveness (Dong., 2023). One of the main obstacles is the lack of adequate digital infrastructure, especially in the MSME sector. Without adequate technological infrastructure support, business actors have difficulty

accessing global markets and competing efficiently. In addition, low digital literacy among business actors is also an obstacle to technology adoption, which reduces their ability to exploit the maximum potential of e-commerce. Firmansyah and colleagues (2023) emphasize the importance of improving digital infrastructure and digital transformation literacy so that business actors can compete in international markets. Lack of understanding of the use of information technology is also a major obstacle in the adaptation process. Many import-export players do not fully understand how e-commerce platforms work and the digital tools that can help in the trade process. Zahiroh (2023) points out that this lack of understanding creates distrust of e-commerce, slows the adoption of new systems, and hinders digital transformation. Therefore, more intensive training and education is needed to improve the skills of business actors, especially MSMEs, in utilizing digital technology and increasing their competitiveness in the post-pandemic global market.

Regulatory and policy issues that do not fully support e-commerce practices are also a major challenge. Inconsistent policies, such as vague customs regulations or additional document requirements in digital transactions, slow down the export-import process and hinder business actors from utilizing e-commerce. Saputri (2023) stated that collaboration between the government and the private sector is very important to formulate policies that support the development of e-commerce. Security and privacy issues are also a major concern, with businesses needing to implement strict security measures to build customer trust. By overcoming these obstacles, businesses can make optimal use of e-commerce, strengthen their competitiveness, and increase participation in international trade (Lumpkin et al., 2022).

## **CONCLUSIONS**

E-commerce plays a crucial role in increasing the competitiveness of MSMEs in the global market by opening wider market access, reducing operational costs, and utilizing digital technology for marketing and distribution of products. However, the adoption of e-commerce by MSMEs faces challenges, such as low digital literacy, limited human resources, intense competition and data security issues. To overcome this challenge, support from the government, private sector and digital literacy training is needed. MSMEs must develop differentiation strategies, improve product and service quality, and ensure consumer data protection. Through the use of integrated digital platforms and strong collaboration between various parties, MSMEs can maximize the potential of e-commerce to compete in the global market, creating sustainable and inclusive economic growth.

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